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Letter dated 22 May 2002 from the Secretary-General addressed to the President of the Security Council

I wish to refer to the presidential statement (S/PRST/2001/39) dated 19 December 2001, in which the Security Council extended the mandate of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of the Congo for a period of six months. The Security Council requested the Panel to submit an interim report after three months and a final report at the end of its mandate.

I have the honour to transmit to you the interim report of the Panel submitted to me by the Chairman of the Panel. The report contains the Panel's independent assessment of the situation on the ground and its observations on the illegal exploitation of the natural resources of the Democratic Republic of the Congo. I should be grateful if you could bring the report to the attention of the members of the Security Council.

(*Signed*) Kofi A. **Annan**

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Interim report of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of the Congo

I. Introduction

1. At the request of the Security Council, the Panel of Experts returned to Nairobi on 18 February 2002 to carry out a third round of fact-finding on the plundering of the natural resources and other forms of wealth of the Democratic Republic of the Congo and the links between those activities and the continuation of the conflict.

2. Two Panels were earlier mandated by the Security Council (see S/PRST/2000/20 and S/PRST/2001/13) to investigate these same issues and submit reports. The Panel's first report to the Security Council was issued on 12 April 2001 (S/2001/357). The second Panel continued the investigations in order to provide an update, gather information on the countries and actors that had not been sufficiently covered in the report and respond to the reactions generated by the report. It submitted to the Security Council an addendum to the report, dated 13 November 2001 (S/2001/1072). In the addendum, the Panel examined the role in the illegal exploitation of Congolese resources not only of the seven countries directly engaged in the conflict but also of six African transit countries.

3. The Security Council, in a statement by its President dated 19 December 2001 (S/PRST/2001/39), requested the Secretary-General to renew the Panel's mandate for six months and asked the Panel to submit both an interim and a final report. The mandate, which has been enlarged, stipulates that the reports should include the following:

(a) An update of relevant data and analysis of further information from all relevant countries, in particular from those which thus far have not provided the Panel with the requested information;

(b) An evaluation of the possible actions that could be taken by the Council, including those recommended by the Panel in its report and the addendum thereto, in order to help bring to an end the plundering of the natural resources of the Democratic Republic of the Congo, taking into account the impact of such actions on the financing of the conflict and their potential impact on the humanitarian and economic situation in the country;

(c) Recommendations on specific actions that the international community, in support of the Government of the Democratic Republic of the Congo, might take, working through existing international organizations, mechanisms and United Nations bodies, to address the issues in the report and the addendum;

(d) Recommendations on possible steps that might be taken by transit countries as well as end-users to contribute to ending the illegal exploitation of the natural resources and other forms of wealth of the Democratic Republic of the Congo.

4. The Council also stressed the importance of the Panel's "maintaining a high level of collaboration with all the Congolese players, governmental and non-governmental, throughout the national territory".

5. The current Panel is composed of:

Ambassador Mahmoud Kassem (Egypt), Chairman
Jim Freedman (Canada)
Mel Holt (United States of America)
Bruno Schiemsky (Belgium)
Moustapha Tall (Senegal).

6. The Panel has been assisted by a part-time technical adviser, Gilbert Barthe (Switzerland) and two political officers, as well as an administrator and a secretary. Certain administrative difficulties have hampered the Panel's work during this period. Some have been resolved, but the Panel continues to operate without one member and one part-time technical adviser. The Panel has nevertheless striven to fulfil its mandate to the best of its ability.

7. To guide its work, the Panel developed a plan of action, which was transmitted to the Security Council. The Panel decided during the first three months to focus on four aspects of its mandate, namely, an update of information; the role of transit and end-user countries; the humanitarian and economic impact of the exploitation activities and the armed conflict; and maintaining a high level of collaboration with all Congolese actors. Several of these elements are being carried out in preparation for evaluating which measures would be most effective in curbing the illegal exploitation. Fact-finding is being limited to diamonds,

gold, coltan, copper, cobalt, timber, wildlife reserves and fiscal resources. The relationship between the exploitation activities and arms trafficking and other organized criminal activities is also a part of the Panel's investigations.

II. Activities in Africa

8. The Panel visited three of the countries in the Great Lakes region that have been involved in the conflict and which have also served as transit points for certain natural resources: Uganda, Rwanda and Burundi. The Panel visited the Democratic Republic of the Congo twice, as well as two African transit countries outside the region, the Republic of the Congo and the Central African Republic. During those visits, the Panel met with high-level government authorities, technical officials, leading members of Congolese rebel groups, representatives of the diplomatic corps, MONUC, United Nations agencies, multilateral donors, non-governmental organizations and civil society associations. It also met with private commercial operators. Technical meetings were held with officials in each of the five transit countries visited to discuss Governments' responses to questions submitted by the Panel regarding transit trade in resources such as coltan, diamonds and gold.

Uganda, Rwanda and Burundi

9. As the mandate of the Judicial Commission of Inquiry established by the Government of Uganda was originally due to expire in March, the Panel scheduled its first visit in the region to Kampala. A working session was held with the Commission, headed by Justice David Porter. The Commission is also investigating the illegal exploitation of resources in the Democratic Republic of the Congo, and specifically the involvement of the Government and other Ugandan parties. This was the third meeting between the Panel and the Porter Commission.

10. At the request of the Commission and government authorities, and with the encouragement of members of the international community, the Panel decided to transmit to the Commission three pieces of documentary evidence gathered in the course of its own investigations. This evidence, which the Panel feels is of considerable value, was presented to Justice Porter in mid-March. The Panel hopes that this gesture of cooperation will assist the Porter Commission in advancing its inquiry and formulating constructive recommendations for action by the Government of Uganda. The Commission's mandate has been extended to the end of May 2002.

11. During the Panel's visit to Kigali, Rwandan authorities continued to insist on the persistent and extensive nature of their security concerns as a result of the actions of Hutu armed opposition groups in the Democratic Republic of the Congo. They emphasized that the Government of the Democratic Republic of the Congo should address these concerns within the framework of the Lusaka Ceasefire Agreement. They also expressed the view that the exploitation of the natural resources of the Democratic Republic of the Congo and trade in many of these commodities, which has traditionally existed across the two countries' borders, are secondary issues which cannot be properly resolved before progress is made on the fundamental political and security issues.

12. The Panel also visited Bujumbura. The relationship between the conflicts in Burundi and the Democratic Republic of the Congo and the possible repercussions for regional stability were one important aspect of the Panel's fact-finding during this visit.

Democratic Republic of the Congo

Inter-Congolese dialogue

13. In accordance with its mandate and its plan of action, the Panel had intended to visit South Africa in order to meet with representatives of the various sectors participating in the inter-Congolese dialogue at Sun City. The Panel consulted with the office of the facilitator, the Government of South Africa and MONUC regarding the advisability and the timing of its proposed visit to South Africa to meet with the delegates at the inter-Congolese dialogue. On the advice of the facilitation team, which expressed the view that the Panel's presence might have a detrimental impact, the Panel decided not to visit South Africa before the end of the dialogue. As a result, the Panel has been obliged to seek out representatives of the sectors invited to the dialogue in different regions of the Democratic Republic of the Congo. These efforts will continue under the second half of its mandate.

Kinshasa and the eastern Democratic Republic of the Congo

14. The extension of the inter-Congolese dialogue for one week coincided with the Panel's visit to Kinshasa, making it difficult for the Panel to meet with leading members of various delegations. Despite these complications, the Panel was able to meet with some ranking government and civil society representatives, as well as a few opposition party and Mayi-Mayi group members during its visit.

15. Congolese actors and international observers communicated their views on developments at the inter-Congolese dialogue and the potential ramifications of decisions taken at Sun City. The Panel pursued its enquiries into different strategies, mechanisms and actors implicated in the exploitation of resources. Environmental and human rights issues relating to the exploitation activities and the conflict were an important focus of this visit. Part of the Panel's fact-finding also concerned reforms being undertaken by the Government of the Democratic Republic of the Congo that could contribute to curbing the exploitation. The Panel met twice with members of the Commission of National Experts, established by the Government in May 2001. The Panel submitted a series of questions to the Commission relating to various elements of its mandate.

16. Two Panel members visited the eastern Democratic Republic of the Congo, travelling for almost three weeks in Orientale Province and North and South Kivu. Panel members collected extensive information on the plight of civilian populations and the state of local economies in the eastern region as a consequence of the armed conflict and the economic exploitation. They also investigated the strategies and mechanisms for the exploitation of natural resources, appropriation of fiscal resources and control of trade by foreign armies and a variety of armed parties present in the region, with the collusion of private operators in some instances.

Republic of the Congo and Central African Republic

17. Part of the Panel's fact-finding visit in the Republic of the Congo focused on the illicit trade in diamonds originating in the Democratic Republic of the Congo. Authorities and some private operators emphasized the difficulties in controlling the transit trade entering from the Democratic Republic of the Congo via the Congo River. The Panel also visited Bangui. Transit trade in coffee as well as trafficking in diamonds and gold were among the issues raised in discussions with officials of the Central African Republic.

Briefing for the Security Council mission in South Africa

18. At the request of the head of the Security Council mission, Ambassador Jean-David Levitte, the Panel travelled to Pretoria to meet on 28 April with the mission to the Great Lakes region, which was intended to bolster support for peace initiatives in the region. During the closed-door meeting, the Panel briefed the Security Council mission about recent developments in the Great Lakes region and the recent findings of its fieldwork.

III. Activities outside Africa

Consultations in New York and Washington

19. Before resuming its work in the Great Lakes region, the Panel reconvened at United Nations Headquarters on 4 February. The Panel held consultations with the Permanent Representatives of 17 Member States, including members of the Security Council and countries involved in the conflict, who expressed their support for the Panel's work. The Panel met with United Nations Secretariat officials and representatives of United Nations agencies and non-governmental organizations. In Washington, the Panel met with representatives of the World Bank and the International Monetary Fund. They discussed the types of assistance provided to countries involved in the conflict and the extent to which their respective institutions could contribute to curbing the illegal exploitation of the resources of the Democratic Republic of the Congo in those countries.

Belgium, France, Germany and the United Kingdom

20. **Secondary transit and end-user countries**. One of the methodologies being used in the Panel's investigations is an analysis of the commercial chains for specific commodities originating from the Democratic Republic of the Congo. The Panel has attempted to piece together these chains, from the extraction and production phases to the processing and end-use phases, including transport networks. This

approach was adopted in order not only to identify those involved in the commercialization of the commodities and where they are located, but also with a view to developing proposals for the most effective measures to curb the illicit trade. On the basis of a partial analysis of these chains, the Panel has been able to identify various countries which are not only end-users of the processed or refined commodities but are also key secondary transit points for primary commodities. Among them are several western European countries, which are the principal locations for some of the wholesale traders, assayers, trade associations and air transport companies dealing in commodities targeted by the Panel. The Panel visited the United Kingdom, Belgium, Germany and France from 1 to 10 April. Meetings were held with officials from government ministries, representatives of Parliament, members of non-governmental organizations and commercial operators. Private operators in the coltan and diamond trade, as well as representatives of one trade association, expressed the view that they had gained a better understanding of the implications of the exploitation of the resources of the Democratic Republic of the Congo as a result of meetings with the Panel.

IV. The donor community

21. Pursuing contacts it had initiated in Washington with donors, the Panel in the course of its enquiries in both Europe and Africa has sought to meet with both multilateral and bilateral donors, as well as international non-governmental organization donors. The Panel regards these contacts with the donor community as integral to its work. In Belgium, the Panel met with the European Commission's Development Directorate-General. These officials briefed the Panel on the various types of aid granted to countries in the Great Lakes region and their respective control and auditing mechanisms. The issues of the fungibility of European Community financial assistance and the monitoring of financial flows used for money-laundering were also discussed. It was agreed that the Panel and representatives of the Commission's delegations in the Great Lakes region would meet at the end of May in Kinshasa for further discussions on how international donor assistance might contribute, either indirectly or directly, to the continuation of the conflict in the Democratic Republic of the Congo.

22. In both Europe and Africa the Panel has detected a growing interest among donors in exploring ways in which aid policies may be used as effective vehicles for conveying the convictions of donor organizations, and perhaps for influencing the policies of these countries.

V. Transit trade

23. The Panel was mandated by the Security Council to submit recommendations on possible steps that could be taken by transit as well as end-user countries to contribute to curbing the illegal exploitation of the natural resources and other forms of wealth of the Democratic Republic of the Congo.

24. In accordance with its plan of action, the Panel submitted a series of questions to 11 African transit countries. Some of those countries are directly involved in the conflict in the Democratic Republic of the Congo, namely, Burundi, Rwanda, Uganda and Zimbabwe. The Panel also contacted other African countries it identifies as key transit routes for commodities from the Democratic Republic of the Congo: the Central African Republic, Kenya, Mozambique, the Republic of the Congo, South Africa, the United Republic of Tanzania and Zambia.

25. Through its nine questions, the Panel enquired about relevant legislation, official investigations into the illicit flow of commodities, measures already taken to try to curb the flow, the effectiveness of those measures, other possible measures that could be enacted and those Governments' needs for additional assistance and expertise.

26. The Panel followed up with a number of on-site visits to Uganda, Rwanda, Burundi, the Central African Republic and the Republic of the Congo, during which it met with representatives from various ministries and institutions in charge of different aspects of the transit trade. Written responses promised by some Governments are still pending. Consultations with other government officials for the purpose of gathering additional information will be necessary before the Panel can complete its analysis.

VI. Context and orientations of the Panel's work: resource exploitation, its links to the conflict and the humanitarian and economic crisis

Exploitation of natural resources and other forms of wealth and the links to the conflict

27. The Panel continues to pursue investigations into the different strategies used by both local and foreign actors in the exploitation of resources and the degree to which these different strategies contribute to the continuation of the conflict. The following are some of the trends and investigative leads that have guided and will continue to guide the Panel's work in the field.

28. On the basis of two months of fact-finding within and outside the region, the Panel's tentative assessment is that the illegal exploitation of Congolese resources is continuing, and that it is being consolidated in many areas. For example, despite the sharp decrease in coltan prices in 2001, coltan mining operations are continuing throughout the eastern Democratic Republic of the Congo. While several commercial operators based outside the Great Lakes region have stopped exporting coltan from the Democratic Republic of the Congo because the price decrease drastically reduced the profitability of this trade, operators linked to the parties involved in the conflict have continued to export a substantial volume of coltan. Another example of the continuing exploitation is an increase in licensing fees, taxes and customs levies, apparently to compensate for decreased revenues from the trade in coltan.

29. The Panel is gaining a more incisive understanding of the varying roles of foreign armies, foreign armed opposition groups, Congolese rebel groups and Mayi-Mayi groups[1] in the exploitation of resources and the armed conflict. Enquiries are also being focused on how the diverse types of conflict that exist among these armed parties, some of which seem to be intensifying while others appear to be diminishing, may be linked to control of resources, territory, fiscal revenues and trade in general. It appears that the scope, intensity and modalities of the activities related to the exploitation of resources are in some cases reflected in the highly commercialized power bases of certain military and political actors in the conflict. In the case of the foreign armies present in the Democratic Republic of the Congo, the Panel is investigating the direct, institutionalized involvement of some in the exploitation of resources and in exercising far-reaching control over local economies.

30. There are indications that criminal networks and activities are being imported into the Great Lakes region from other African countries and regions outside Africa. The Panel is looking into alleged criminal networks based outside Africa that may be using trade in certain resources from the Democratic Republic of the Congo for the purposes of money-laundering. The Panel is also following up on the activities of an organized crime network which has been involved in the extraction of Congolese resources, the transport of certain commodities out of the Democratic Republic of the Congo for export and the import of arms into the Great Lakes region. That network's operations are now the target of judicial investigations in at least one country. Another network, based in Africa, is purportedly financing one set of criminal activities through profits garnered from the smuggling of certain resources. Other networks may be connected to poaching and related smuggling activities. Additional investigations are being carried out into allegations linking the trafficking in the natural resources of the Democratic Republic of the Congo to certain organizations inside and outside Africa. Those organizations have reportedly begun to use precious mineral resources for transactions instead of hard currencies, which are more and more easily traced by financial institutions and Governments. Some of these organized criminal activities may also aim at political destabilization.

31. The Panel is continuing to study the commercial chains for specific commodities. This study has permitted the Panel to gain more insight into various aspects of the commerce in these commodities and progressively verify certain patterns, for example:

(a) The well-established links between certain individual commercial operators and private companies and government officials and institutions;

[1] Mayi-Mayi groups are a distinctly Congolese phenomenon and should not be confused with the foreign armed groups explicitly mentioned in the Lusaka Ceasefire Agreement. The term generally refers to community-based fighters who organize themselves to defend their local territory, including against foreign armies and their allies. However, the structure, military capability and political orientation of the many groups scattered throughout the eastern Democratic Republic of the Congo that identify themselves as Mayi-Mayi vary widely.

(b) The varying degrees to which individuals, companies or entities and Governments are implicated in the trafficking in natural resources;

(c) Which segments of the commercial chains involve criminal networks;

(d) The importance of the use of military bases by different actors in the conflict for the evacuation of commodities to the initial export point;

(e) The lack of adequate controls in the civil aviation systems in different regions in Africa, resulting in part from outdated legal instruments and procedures, poor implementation of existing regulations and procedures and insufficient resources;

(f) A growing awareness among some commercial operators, who wish to conduct trade in a more transparent and ethical manner, that certificate of origin regimes should be established for commodities other than diamonds;

(g) How market factors are affecting the exploitation activities;

(h) How those involved in the illicit trade in Congolese resources are once more evolving their operations and tactics in an attempt to dissimulate their activities.

The Panel has learned that transit routes for commodities are again being altered and Congolese resources are apparently being relabelled during transit to disguise their origins. "Congolese" or foreign business partners are being used as a legitimizing facade, while commercial entities are being reconfigured so as to obscure links and activities. A greater emphasis is also being placed by different actors on controlling customs and tax revenues resulting from trade in general, specifically the trade in natural resources, as well as on the seizure of assets.

32. A substantial volume of certain resources continues to transit through countries bordering the Democratic Republic of the Congo, some by clandestine means and some openly under the guise of legitimate transit trade. The Panel is in the process of identifying which operators are involved in these commercial flows and determining whether they are connected to the main actors in the conflict.

33. The Panel is reviewing the impact on the exploitation of resources of a series of reforms being undertaken by the Government of the Democratic Republic of the Congo. These include the implementation of a diamond certification scheme already concluded on a bilateral basis with the Diamond High Council in Belgium, the pending implementation of the new mining code and the drafting of a forestry code, the latter two activities being carried out with the support of the World Bank. During the remaining part of its mandate, the Panel will also evaluate the potential impact of the application of the resolution on the review of all commercial agreements and contracts signed during the conflict, adopted during the inter-Congolese dialogue at Sun City, and the establishment of an anti-corruption and ethics commission, one of the civic institutions created under the partial agreement on the democratic transition reached during the dialogue. In addition, the Panel is following the participation of the Government of the Democratic Republic of the Congo in the Kimberley Process, which is scheduled to finalize an international diamond certification scheme by late 2002.

34. The status and functioning of joint ventures in certain resource sectors in the Democratic Republic of the Congo also continue to be the focus of the Panel's fact-finding.

The current nature of the conflict in the Democratic Republic of the Congo

35. In the Panel's view, direct confrontation among the principal adversaries that are parties to the Lusaka Ceasefire Agreement has all but disappeared. In a conventional sense, the armies of the Democratic Republic of the Congo and its allies no longer militarily engage their enemies, the Congolese rebel forces and the foreign armies backing them. Overall, the main adversaries remain separated by the ceasefire line, which has de facto partitioned the country and has virtually eliminated direct encounters between the previously warring parties. The most notable exception to this was the ousting in March 2002 of Government troops (FAC) and Burundian rebel forces (FDD) from the village of Moliro in Katanga Province during an offensive by the RCD-Goma army, with support from RPA.[2]

[2] Moliro is a strategic point on the southernmost shores of Lake Tanganyika near the Zambian border. Despite the agreements worked out under the Kampala and Harare disengagement plans in 2000, it seemed that claims on Moliro as a new defensive position had never been properly resolved. The build-up of forces around this area over the course of several months infused preparations for the inter-Congolese dialogue with uncertainty and

36. On either side of the ceasefire line, foreign armies have consolidated their presence and the struggle over maintaining control of natural resources and territory has become a principal preoccupation. Conflict over the resources has a different complexion on either side of the ceasefire line. Foreign forces in the west, in concert with certain Congolese parties, have entrenched themselves and continue to pursue their economic interests in the natural resources of the Democratic Republic of the Congo, while adopting a more discreet profile. Their activities may also include asserting a certain control over local economies. For example, while Zimbabwe has officially declared the withdrawal of a substantial number of troops over the past year and a half, the Panel has received reports that replacement troops are being brought into areas such as Kasai, where Zimbabwean parties have interests in diamond mining. In Government-controlled regions, there may not be open armed conflict among competitors for resources or political adversaries as in the eastern region. The Panel has, nevertheless, received reports of the continuing negative impact that the presence of foreign troops, in particular Zimbabwean forces, has had on civilian populations. These include grave human rights violations and abuses of authority.

37. In contrast to the relative calm along the ceasefire corridor and the quieter pursuit of the exploitation of resources in the west, the quest for natural resources in the east is characterized by armed violence of varying degrees of intensity among foreign armies, foreign armed groups, rebel armies and Mayi-Mayi groups. These conflicts incite others. Some of the conflicts are about dispersing opposition forces. Some are linked to rekindled ethnic tensions. Others are about large numbers of people bearing arms for survival purposes.

38. Over the past five months, fighting has re-erupted continuously throughout the east. The fighting has at times been heavy. The areas where the clashes have occurred are strung out across the entire length and breadth of the eastern Democratic Republic of the Congo, stretching from the centre of Orientale Province east to the areas bordering Uganda, throughout the Kivus and west and south into the Maniema and Katanga Provinces. Reports and testimony indicate that civilian populations have suffered greatly as a result, with casualties, forced displacements, increased food insecurity and malnutrition. A state of generalized insecurity reigns in many rural areas in the Orientale Province and the Kivus, as bands of youthful "soldiers" or free-floating militias attack, loot and burn villages and fields.

39. In the area of the north-eastern Democratic Republic of the Congo where two battalions of Ugandan troops are still stationed, violent armed conflicts have primarily been among the three Ugandan-backed Congolese rebel groups that dominate the northeast — MLC, its purported ally RCD-N and RCD-ML. Some of these rebel armies have been reinforced at times by highly fluid alliances with what have been described as Mayi-Mayi groups. In some cases, UPDF soldiers also intervened. Battles have been fought over control of Buta, Isiro, Watsa, Bafwasende and Bunia, all endowed in varying degrees with deposits of gold, diamonds, coltan or cassiterite as well as stands of timber. Butembo, a major import and distribution centre where the country's second largest customs post is located, was also attacked repeatedly. Control of precious resources and customs and tax revenues, all vital to the consolidation of the highly commercialized power bases of certain individuals and groups, have reportedly fuelled these battles. Over the course of three-and-half years of conflict, various armies have clashed over these economically strategic areas, trading control back and forth among them.

40. Well ensconced in four of the mineral-rich provinces of the eastern Democratic Republic of the Congo, Rwandan-controlled forces, RCD-Goma and RPA, have been pushing northward in North Kivu in recent months and advancing north-west of Kisangani in Orientale Province in April, towards territories occupied by RCD-ML and MLC forces respectively. RPA forces recently occupied Kowe, an area in North Kivu where diamond deposits have been discovered. More or less simultaneously, additional forces were being deployed farther south in Katanga Province. Few of these troop movements reportedly resulted in any engagements of Rwandan Hutu armed groups.

41. Since February, RCD-Goma and the Rwandan army have come under pressure from intensifying attacks in the south. Offensives have multiplied against Rwandan-backed forces in South Kivu, Maniema and upper Katanga, regions rich in coltan, cassiterite, gold

tension. Following the attack, the Security Council adopted resolution 1399 (2002), demanding the immediate withdrawal of RCD-Goma troops from Moliro and Pweto in Katanga Province and for all parties to pull back to positions defined under the disengagement plans.

and diamonds. In these areas both RCD-Goma and RPA have a long-established presence and appear to be expanding their control of territory, assets, tax revenues and mineral wealth. These conflicts, some short-lived, but recurring, have mostly been initiated by different Mayi-Mayi groups, occasionally allied with ALIR II forces. The Panel recently received reports that various Mayi-Mayi groups have adopted a strategy of attacking the locations of mining activities controlled by RCD-Goma or RPA, in an effort to either wrest control of them or disrupt them and make them less profitable. The locations of a few recent battles led by Mayi-Mayi groups correspond with such tactics, such as fighting in South Kivu in Shabunda (gold and coltan as well as the location of an airport) and Kitutu near Kamituga (gold and cassiterite or coltan).

Humanitarian and economic situation: the toll of the exploitation and the conflict

42. The Panel has been compiling and reviewing reports on the economic, social and humanitarian impact of the conflict and the exploitation activities. It is applying this to orienting its fact-finding and developing its own analysis and conclusions.

43. The Panel's investigations are in part focusing on how different strategies for the exploitation of resources affect populations at the local level, according to conditions that are unique to each locality, and how this in turn shapes the specific humanitarian impact of both the conflict and the trade in resources, which also varies from locality to locality. There are some broad generalizations that can be made, particularly with regard to the eastern Democratic Republic of the Congo, and this has been the primary focus of the Panel's work during the first half of its mandate.

44. In the eastern Democratic Republic of the Congo, population displacement, repeated outbreaks of violent armed conflict and generalized insecurity are common. One of the consequences is the destruction of crop and grazing fields in rural areas, halting food production and increasing pressure on existing food resources. This has resulted in mounting food insecurity. Humanitarian organizations, refused protection by armies or militias, find it difficult to gain access to these areas to provide assistance.

45. A variety of sources report that local populations, including children, are being conscripted and used as forced labour in the extraction of resources by some military forces in different regions. Other tactics, such as the destruction of the infrastructure for agricultural production, are allegedly employed by different armed parties in order to constrain local populations to participate in the extraction of resources.

46. In some areas, entire communities have been forcibly displaced by armed forces so that they can take control of resource-rich zones or the access roads for those zones. Military forces and militia have reportedly evicted local artisanal diggers in order to seize production or take control of informal mining sites. Other serious human rights violations, including killings, sexual assaults and abuse of power for economic gain, have been reported as directly linked to military forces' control of resource extraction sites or their presence in the vicinity of such sites.

47. Excessive taxes, revenue siphoning, seizure of local resources, forced requisitioning of assets and deepening control over general trade by foreign and local military, with or without the collusion of commercial operators, have paralysed local economies. As a result, very few commercial enterprises are still operational in many areas. Conditions in some towns, which have become more and more like enclaves, are increasingly similar to those that might result from an embargo.

48. Almost no revenues are allocated for public services such as utilities, health services and schools. Infrastructures and services are quasi-inexistent. The Panel has learned that few, if any, State administration employees are paid salaries. This appears also to be the case for members of local armies and police. With most workers unemployed or unpaid in urban areas, and food production plummeting in rural areas, malnutrition rates are rising to very high levels, especially in areas where economic exploitation is most intensive.

49. Large numbers of conflict-related deaths are adding to an even greater number of deaths from malnutrition and disease, resulting in extremely elevated mortality rates for all ages. Infants and children have been particularly affected. Mortality rates surveyed in conflict areas in the eastern Democratic Republic of the Congo are among the highest recorded in the world.

Environment: other consequences of the conflict and the exploitation activities

50. The Panel is updating its earlier investigations regarding the extent of the ecological destruction that the conflict has engendered. One focus of the Panel's enquiries concerns the situation within the national parks of the Democratic Republic of the Congo, particularly in terms of the illicit exploitation of wildlife, forest and other resources. The intensive and unsustainable mining and logging activities being conducted outside these protected wildlife reserves, in both the eastern Democratic Republic of the Congo and Government-controlled regions, also present real environmental dangers, which will require further investigation. In the course of its information gathering, the Panel was informed of the negative impact of the conflict, due to massive refugee movements, on the environments of neighbouring countries such as the Republic of the Congo and the Central African Republic.

51. Five of the eight national parks established in the Democratic Republic of the Congo are located in the eastern region. This region features one of the highest mountain ranges in Africa and is renowned for its unique diversity of habitats and wildlife. Of the five wildlife reserves, many of which are home to rare endangered species, four have been designated as World Heritage sites by UNESCO — Virunga National Park, Kahuzi-Biega National Park, Garamba National Park and Okapi Wildlife Reserve. One of the reserves, Okapi, is also the traditional habitat of nomadic pygmy tribes.

52. The combination of the exploitation activities and ongoing conflict has effectively eliminated State administrative control over the parks and led to the militarization of many of them, for example, the Virunga, Kahuzi-Biega and Okapi reserves. These parks are strategically located along the eastern border, and are regularly used as crossing points by military forces to gain access to the interior of the eastern region. The increased presence of foreign military, local rebel forces and armed groups, some of which occupy areas within the parks on a quasi-permanent basis, has resulted in the development of highly organized and systematic exploitation activities at levels never before seen. These activities include poaching for ivory, game meat and rare species, logging, and mining for coltan, gold and diamonds. Exploitation activities reportedly involve a wide range of Congolese operators and armed groups. They are mostly carried out under the control of foreign military, however, often with their logistical support and under their protection. Much of the production or bounty is transported first to neighbouring countries, to be exported to third countries. Poaching activities and the massive military presence have given rise to arms trafficking within some parks. The reserves are also occasionally the sites of violent clashes between some of the armed parties. Armed conflict has exacted its toll in human lives in the parks. Over 50 park guards and other staff employed by the Congolese Institute for Nature Conservation[3] have been killed since 1996.

53. The impact of the conflict on the economies of nearby communities has also spurred local populations to relocate in increasing numbers to the parks, settling there to carry out more and more subsistence logging, fishing and poaching activities. There are additional reports that populations from neighbouring countries have moved to the parks. The natural migration patterns of many wildlife species have been significantly disrupted, contributing to long-term problems in terms of repopulating certain park areas or maintaining population balances within others.

VII. Observations

Recent strategies for profiteering and sustaining the conflict

54. Control over fiscal resources — licensing fees, export taxes, import duties and general state and community taxes — seems to be gaining increasing importance in the eastern Democratic Republic of the Congo for the rebel groups and the foreign armies. Some of the revenues are reportedly diverted to individuals or groups of individuals for their personal profit. Others are allegedly siphoned off for payments to foreign armies, either to maintain their support against rival groups or to finance continuing, extensive military operations. Recent periods have seen tax rates double or triple in certain areas and increasingly harsh penalties imposed when payment is not made. With many land routes impracticable and unsecured and river traffic having ceased, some areas have become increasingly isolated, making control of trade all the easier. The immediate impact of these strategies has been the further collapse of most local economies and

[3] The government body that oversees the wildlife reserves.

the deepening impoverishment of most Congolese families.

The inter-Congolese dialogue and the issue of the exploitation of resources

55. Regarding the general issue of the illegal exploitation of natural resources, the Panel was informed by a variety of sources that repeated attempts by civil society representatives at the inter-Congolese dialogue to open discussions on this subject were thwarted. It was interesting to note that there was a great reluctance on the part of at least the three major belligerent parties to discuss the issue. This raises the question whether those three parties, as well as others, are implicated in and benefit from the exploitation activities.

56. At the inter-Congolese dialogue, the Economic and Finance Committee adopted resolutions on setting up mechanisms for the review of all commercial agreements and contracts signed during the current conflict as well as evaluating the costs of both conflicts fought since 1996. The review and revision of all concessions and agreements was one of the Panel's previous recommendations, the issue of the cost of the war being the subject of the Panel's earlier fact-finding. Those resolutions reflected the views of most Congolese. However, certain Congolese officials expressed the view that only the concessions and agreements relating to the rebel-held eastern region of the Democratic Republic of the Congo should be reviewed, in accordance with the new mining code. On the other hand, representatives of civil society organizations, the private sector and the political opposition were of the opinion that all the concessions and agreements signed, whether on the side of the allies or the rebel groups, should be reviewed or revised.

The humanitarian tragedy

57. The occupation of large portions of the Democratic Republic of the Congo by the armies of neighbouring States has caused considerable suffering among all segments of the population, affecting farmers, traders, businessmen, public servants, professionals, men and women of all ages, as well as children. Military support to the rebel movements and the use of national armies from neighbouring States to support the exploitation of resources have resulted in widespread conflict, indiscriminate arming of large portions of the population and considerable insecurity. A minimum of 15 per cent of the population of North and South Kivu has been displaced over the past 18 months as a result of the conflicts. The economies of many of the principal urban centres and surrounding areas have collapsed while rural economic activities have ceased altogether in many places. Food insecurity is rampant, unemployment may be as high as 80 to 90 per cent in many areas, reducing both rural and urban populations to extreme poverty. Acute malnutrition rates are alarmingly high. While mortality levels vary greatly from place to place depending on the extent of conflict and the availability of health services, overall they are among the highest in the world.

(*Signed*) Mahmoud **Kassem**, Chairman

(*Signed*) Jim **Freedman**

(*Signed*) Mel **Holt**

(*Signed*) Bruno **Schiemsky**

(*Signed*) Moustapha **Tall**

(*Signed*) Gilbert **Barthe**

Annex I

Countries visited and representatives of Governments and organizations interviewed

The Panel wishes to express its deep appreciation to the Government officials, diplomats, United Nations agencies, donor institutions, non-governmental organizations, civil society groups, journalists, commercial operators and others with whom it met and who have assisted in making possible the present report.

The Panel also wishes to extend special thanks to the United Nations Organization Mission in the Democratic Republic of the Congo, and in particular to the Special Representative of the Secretary-General in the Democratic Republic of the Congo, Amos Namanga Ngongi. In addition, the Panel would like to thank the United Nations Office in Burundi and the UNDP offices in Bangui, Brazzaville, Bujumbura, Kampala, Kigali, Kinshasa and Yaounde for their assistance and support.

Belgium

Government officials

Parliamentary Commission of Inquiry on the Illegal Exploitation of the Natural Resources of the Democratic Republic of the Congo
Inter-Ministerial Ad Hoc Working Group on the Illegal Exploitation of the Natural Resources of the Democratic Republic of the Congo

State representatives

European Union

Others

Tantalum Niobium International Study Center
SOGEM mineral trading company (division of Umicore)
Arslanian Frères
International Peace Information Service

Burundi

Government officials

Minister of Defence
Minister of Energy and Mines
Minister of Finance
Minister for Foreign Affairs
Department of Customs (Ministry of Finance)

State representatives

Embassy of Belgium
Embassy of France

International organizations

Acting Special Representative of the Secretary-General in Burundi
Office for the Coordination of Humanitarian Affairs
UNDP
UNHCR
UNICEF
Office of the United Nations High Commissioner for Human Rights in Burundi

Others

ASYST mineral trading company
Affimet gold trading company
Comptoir minier des exploitations du Burundi (COMEBU)
HAMZA mineral trading company

Central African Republic

Government officials

Minister of Mines, Energy and Hydraulics
Minister of Trade and Industry
Ministry of Economy
Ministry of Equipment, Transport and Settlement
Ministry of Finance and Budget
Department of Customs

State representatives

Embassy of the Democratic Republic of the Congo
Embassy of France
European Union

International organizations

Representative of the Secretary-General in the Central African Republic
ASECNA
UNHCR
UNDP

Democratic Republic of the Congo

Government officials

Minister of Defence
Minister of Land Affairs, Environment and Tourism
Vice-Minister for Foreign Affairs
Vice-Minister of Mines
Deputy Chief of Staff of the Armed Forces
Governor of the Central Bank
Centre d'évaluation, d'expertise et de certification des matières précieuses
Comité interministériel du Small Scale Mining (CISSCAM)
Régie des voies aériennes

State representatives

Ambassador of Belgium
Ambassador of Canada
Ambassador of Germany
Ambassador of the United Kingdom of Great Britain and Northern Ireland
Embassy of Denmark
Embassy of France
Embassy of the United States of America
European Union

International organizations

Special Representative of the Secretary-General in the Democratic Republic of the Congo
ECHO
GTZ
MONUC
Office for the Coordination of Humanitarian Affairs
Office of the United Nations High Commissioner for Human Rights in the Democratic Republic of the Congo
UNDP
UNICEF
World Bank
World Food Programme

RCD-Goma

Vice-President
Department of Mines and Energy
Vice-Governor of Kisangani

RCD-ML

Second Vice-President
Minister of the Interior
Acting Chief of Staff for APC
Governor of Ituri Province
Mayor of Butembo

Others

Anglican Church
Ashanti Goldfield
Association africaine des droits de l'homme (ASADHO)
Banque internationale de commerce
Centre national d'appui au développement et à la participation populaire (CENADEP)
Church of Christ of the Congo
Conseil apostolique des laïques catholiques au Congo (CALCC)
Dara Forêt
Exploitation forestière, sciérie raffinage de la papaine (ENRA)

Fédération des entreprises du Congo (FEC — Kinshasa, Kisangani, Beni, Goma, Bukavu)
Groupe Lotus
Groupe musulman des droits de l'homme
Héritiers de la Justice
International Human Rights Law Group
International Rescue Committee
Mayi-Mayi representatives
Medecins sans Frontières (Belgium and France)
Mennonite Church
National Commission of Experts on the illegal exploitation of the natural resources and other forms of wealth of the Democratic Republic of the Congo
National Council of Development NGOs
Okimo
Parti démocrate et social chrétien (PDSC)
Peace and Justice Commissions
Pharmakina
Pole Institute
Programme d'appui aux femmes victimes des conflits et des catastrophes
Regional Committee of Development NGOs
SOCEBO
Société civile du Congo (SOCICO)
Société de renforcement de comunauté de base (SERACOB)
Société minière de Bakwanga (MIBA)
Solidarité
TOFEN-CONGO
TRAFCO freight company
UDPS (provincial committee of Goma)
UPDF Sector Commander in Bunia
UPDF Battalion Commander in Butembo
UPDF Colonel Peter Karim
Union des banques congolaises

France

Government officials

Ministry of Foreign Affairs
Ministry of Economy and Finance

Others

Air France Cargo

Germany

Government officials

Ministry of Foreign Affairs

Others

Karl-Heinz Albers Mining and Minerals Processing
H. C. Starck

Kenya

Government officials

Kenya Revenue Authority

State representatives

Ambassador of Belgium
Ambassador of Rwanda
High Commissioner of Uganda
Belgian Ministry of Defence
Embassy of the Democratic Republic of the Congo
High Commissioner of the Republic of South Africa

International organizations

Special Representative of the Secretary-General for the Great Lakes Region
World Customs Organization

Others

Chairman of the Association of Cargo Airliners
International Crisis Group
Kencargo
Martin Air
Oxfam
World Vision

Republic of the Congo

Government officials

Minister of Environment
Ministry of Transport
Department of Customs (Ministry of Finance)

State representatives

Embassy of Belgium
Embassy of the Democratic Republic of the Congo
European Union

International organizations

UNDP

Rwanda

Government officials

Special Envoy of the President for the Democratic Republic of the Congo and Burundi
Office of the President of Rwanda
Minister for Foreign Affairs
Ministry of Commerce, Industry and Tourism
Customs Commission

State representatives

Ambassador of Belgium
Ambassador of France
Ambassador of the United Kingdom of Great Britain and Northern Ireland
Ambassador of the United States of America
European Union

International organizations

MONUC
UNICEF
World Bank

Others

Adolphe Onusumba, President of RCD-Goma
SDV transportation company
Eagles Wings Resources
SOGERMI mineral trading company

Uganda

Government officials

First Deputy Prime Minister
Acting Minister for Foreign Affairs
Minister of Defence
Chief of Staff of UPDF
Ministry of Tourism, Trade and Industry
Bank of Uganda
Department of Geological Survey and Mines
Uganda Bureau of Statistics
Uganda Civil Aviation Authority
Uganda Coffee Development Authority
Uganda Revenue Authority

State representatives

Ambassador of Belgium
Ambassador of Denmark
Ambassador of France
High Commissioner of the United Kingdom of Great Britain and Northern Ireland
Ambassador of the United States of America
Head of the delegation of the European Union

International organizations

UNDP
UNICEF
World Bank

Others

Amnesty International
Judicial Commission of Inquiry
Uganda Debt Network

United Kingdom of Great Britain and Northern Ireland

Government officials

Ministry of Foreign Affairs

United States of America

State representatives

Permanent Representatives of Security Council members and other Member States

International organizations

International Monetary Fund
Office of the Special Representative of the Secretary-General for Children and Armed Conflict
UNDP
Forum on Forests
Office for the Coordination of Humanitarian Affairs
World Bank

Others

Human Rights Watch

Annex II

Abbreviations

ALIR	Armée pour la libération du Rwanda (Army for the Liberation of Rwanda)
APC	Congolese Patriotic Army (of the RCD-ML rebel group)
ASECNA	Agence pour la sécurité de la navigation aérienne en Afrique et à Madagascar
coltan	columbo-tantalite
ECHO	European Commission Humanitarian Aid Office
FAC	Forces armées congolaises
ex-FAR	former Forces armées rwandaises
FDD	Forces pour la défense de la démocratie
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (German Government agency for international cooperation)
MLC	Mouvement de libération congolais
MONUC	United Nations Organization Mission in the Democratic Republic of the Congo
Okimo	Office des Mines d'or de Kilo-Moto
RCD	Rassemblement congolais pour la démocratie (Rally for Congolese Democracy)
RCD-Goma	Rassemblement congolais pour la démocratie, based in Goma
RCD-ML	Rassemblement congolais pour la démocratie — Mouvement de libération, initially based in Kisangani, now headquartered in Bunia
RCD-N	Rassemblement congolais pour la démocratie-National
RPA	Rwandan Patriotic Army
SOCEBO	Société d'exploitation du bois
UDPS	Union pour la démocratie et le progrès social
UNDP	United Nations Development Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UPDF	Uganda People's Defence Forces